



NEW ZEALAND

Submission to SBSTA on options for the outlines for the information required pursuant to chapter IV of the annex (Reporting) and on options for implementing the infrastructure requirements referred to in chapter VI of the annex (recording and tracking)

May 2022

1. Reflecting the interconnected nature of tracking and reporting, New Zealand provides a combined submission for Decision 2/CMA.3 on the Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement.
2. We emphasize that the purpose of operationalising robust tracking and reporting tools is to deliver transparency and mutual trust in the emissions reductions achieved through Article 6 cooperative approaches. To achieve this effectively means that neither reporting nor infrastructure implementation can be developed in isolation of each other; similarly review through the Article 6 technical expert review and Article 13 processes is a key component of delivering transparency and trust.
3. New Zealand believes there is a key set of principles and objectives which shape our approach to effectively operationalising tracking and reporting. These include:
 - a) *Outcomes*- to deliver robust accounting, reporting, and review with a view to contribute to transparency.
 - b) *Functionality*- to shape the system in response to desired needs and outcomes.
 - c) *Flexibility* - to avoid prescriptive approaches while ensuring these meet needs and outcomes.
4. A clear understanding of the outcomes of our tracking and reporting requirements, including the information needed to fulfil the requirements, and the sequencing of the information flow, is needed to ensure the development of an effective infrastructure set-up.
5. New Zealand welcomes the opportunity to develop a shared understanding among Parties of the system for tracking and reporting needed to implement Article 6 activities with full transparency. As a starting point in the development of this shared understanding, this submission requests the Secretariat to:
 - a) identify overlaps,
 - b) clearly outline sequencing, and
 - c) consider an automated process for tracking and reporting.

6. New Zealand believes that these steps will set the foundation for a system that simplifies information flow, alleviates burdens, and facilitates consistency checks. Implemented holistically, these components contribute to the transparency of the Paris Agreement.

Reporting

7. In engaging in Article 6 cooperative approaches, Parties have three mandated reports: the Initial Report, Annual Information, and Regular Information. Each has a specific timeframe and information, but there is substantial overlap between them.
8. New Zealand assesses that there is significant value added in clearly identifying the overlaps, where these can contribute to a tracking and reporting process that;
 - a) Simplifies the flow of information
 - b) Eases reporting burdens
 - c) Facilitates consistency checks
9. The diagram in *Annex I* below shows the information required for each report and the sequencing of all three. At a high level:
 - 1) **The Initial Report:** provides qualitative information prior to the Party authorising ITMOs from a cooperative approach.
 - 2) **Annual Information:** provides quantitative data to the Article 6 Database on cooperation underway every year.
 - 3) **Regular Information:** provides information from the Initial Report and Annual Information.
 - a. *Structured Summary:* collates data on all the cooperative approaches in which the Party has engaged.
 - 4) **Annex to the Biennial Transparency Report:** provides information from *all three* reports.
10. The diagram helps demonstrate that the required information flows sequentially and can be assembled and delivered in a systematic way.
11. New Zealand requests the Secretariat to identify overlaps, and clearly outline the sequencing of information to facilitate the delivery of reporting. This would also provide for greater consistency across reports and reduce the reporting burden on Parties. (*See Annex II for identification of overlaps*)
12. In further support of a systematic approach to reporting, New Zealand requests the Secretariat to explore an option for the automated exporting/importing of information across reports. This would allow Parties to input much of the information only once and edit and update it as necessary. An automated reporting system could then fill in the necessary information across the reporting requirements. Parties would not need to deliver on the reporting requirements in silos.
13. Even without an automated system, there are benefits in having a clear, shared understanding of the information overlaps in the report to more easily manage the reporting requirements.

Both use of electronic formats and manual reporting can be expedited if a consistent approach to information is maintained.

14. New Zealand considers that Parties should immediately agree to the use of electronic formats across all reporting requirements. Chapter IV, subsection B, paragraph 20 of the Decision text, states the reporting of Annual Information into *an agreed electronic format (Article 6 Database)*. New Zealand seeks agreement on a decision on electronic formats that encompasses all three reporting requirements. This is consistent with other UNFCCC reporting requirements and would be the most appropriate method to deliver all the information required for Article 6 reporting.

Recording and tracking

15. With the help of the Secretariat, Parties can develop an improved understanding of the reporting requirements that can assist in the consideration of the infrastructure needs and how these are implemented. It is for this reason that New Zealand requests the Secretariat to identify overlaps, and clearly outline the sequencing of information, as part of the outcomes following the SBSTA workshops 16-19 May 2022.
16. One of the first infrastructure requirements needed for the transfer of ITMOS are registries. The transfer process requires that Parties *have or have access to a registry for the purpose of tracking*. According to the decision text, the registry is to enable tracking through unique identifiers, and include authorization, first transfer, transfer, acquisition, use towards NDCs, authorization for use towards other international mitigation purposes, and voluntary cancellation.
17. In New Zealand's view, the purpose of the registry and the information provided through it contributes to building mutual trust and confidence in the environmental integrity of what is traded, and how it is accounted. To enable this means certain information needs to be traced back from an aggregate number in NDC accounting through ITMOs, to the mitigation activities that delivered the reductions.
18. The functionality of the registries thus serves the reporting requirements. The numbers counterparties report have to tally, and the corresponding adjustments must be made in a way that makes sense and in accordance with the guidance. The infrastructure we set up must facilitate this for bottom-up approaches. The review then meaningfully and multilaterally scrutinises this.
19. We would be interested to hear Parties' views on how registry design can best facilitate access and participation in Article 6 activities, particularly Parties that do not currently operate a national registry.
20. To further contribute to functionality, Parties may wish to consider the ease of exporting data from registries into the tables for Annual Information, the A6 Database, and where appropriate the Central Accounting and Reporting Platform (CARP). It is clear to us that a holistic approach is also required for effective recording and tracking.

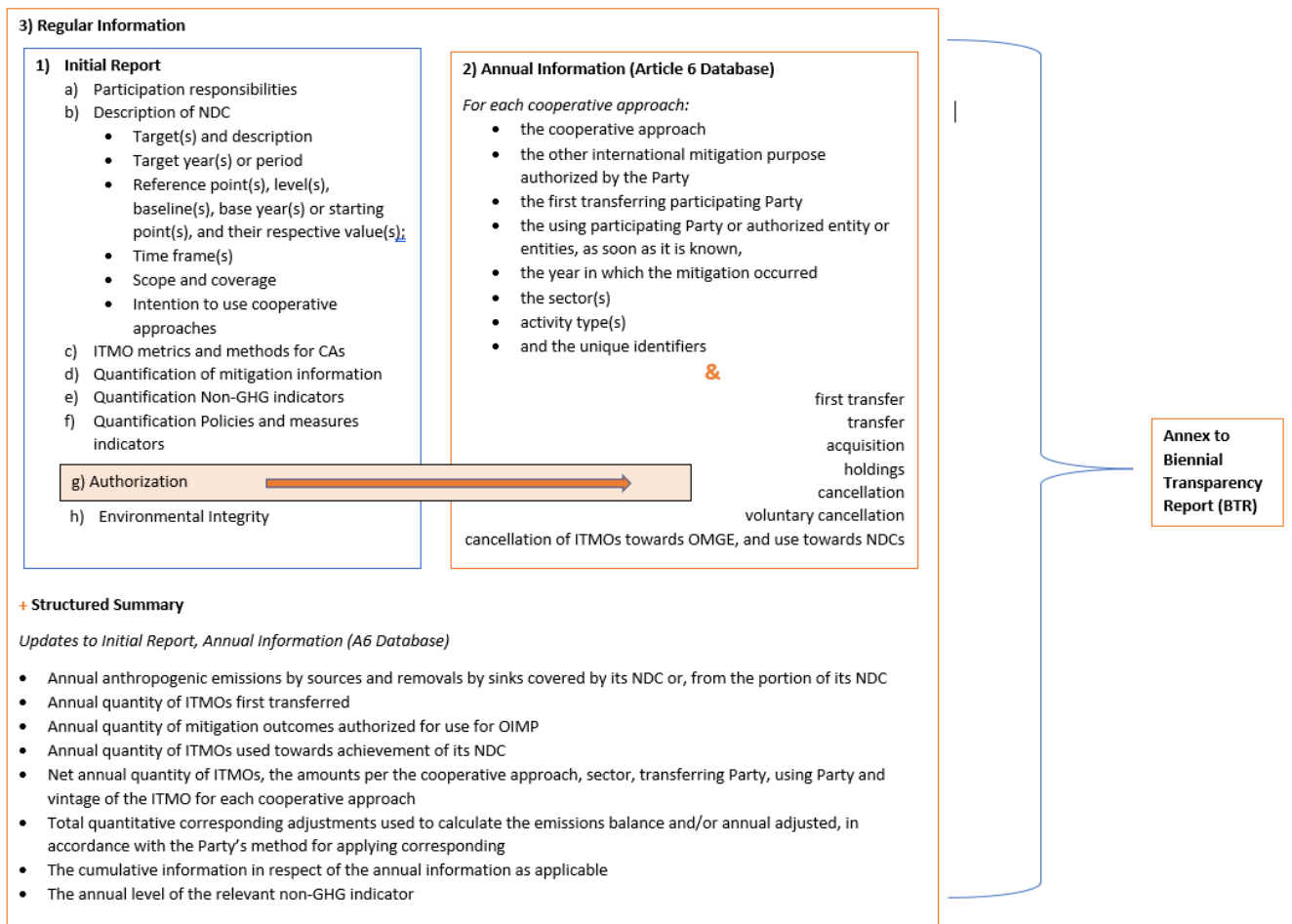
Enhanced Transparency

21. New Zealand considers a systematic approach would help ensure we view the process holistically and minimize the risk of encountering obstacles further down the line. We can deliver a tracking and reporting system that can be easily reviewed and contribute to transparency.
22. Key to New Zealand's priorities is ensuring Article 6 contributes to the transparency of the Paris Agreement. As such, the tabular formats used for reporting the information should be in alignment with the tables used for the enhanced transparency framework.

Conclusion

23. New Zealand looks forward to working with Parties, and the Secretariat, to identify overlaps, clearly outline sequencing, and automate a process for tracking and reporting. This lays the foundation for a system that simplifies information flow, alleviates burdens, and facilitates consistency checks. Implemented holistically, these components contribute to the transparency of the Paris Agreement.

Annex 1: Diagram 1: Reporting Information- Overlap and Sequencing



Annex II: Identification of Overlaps

Report request	Overlap
<p>Annual Information para 20 subsections a) and b)</p> <p><i>a) Annual information on authorization of ITMOs for use towards achievement of NDCs, authorization of ITMOs for use towards other international mitigation purposes, first transfer, transfer, acquisition, holdings, cancellation, voluntary cancellation, voluntary cancellation of mitigation outcomes or ITMOs towards overall mitigation in global emissions, and use towards NDCs;</i></p> <p><i>b) In respect of the above, the cooperative approach, the other international mitigation purpose authorized by the Party, the first transferring participating Party, the using participating Party or authorized entity or entities, as soon as known, the year in which the mitigation occurred, the sector(s) and activity type(s), and the unique identifiers</i></p>	<p>Initial Report section g</p> <p><i>(g) Provide, for each cooperative approach, a copy of the authorization by the participating Party, a description of the approach, its duration, the expected mitigation for each year of its duration, and the participating Parties involved and authorized entities</i></p>
<p>Regular Information para 22 subsections a) and b)</p> <p><i>Each participating Party shall also include, as an annex the following information on how each cooperative approach in which it participates:</i></p> <p><i>a) Contributes to the mitigation of GHGs and the implementation of its NDC;</i></p> <p><i>b) Ensures environmental integrity, including:</i></p> <ul style="list-style-type: none"> <i>i. That there is no net increase in global emissions within and between NDC implementation periods;</i> <i>ii. Through robust, transparent governance and the quality of mitigation outcomes, including through conservative reference levels, baselines set in a conservative way and below 'business as usual' emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage);</i> <i>iii. By minimizing the risk of non-permanence of mitigation across several NDC periods and when reversals of emission removals occur, ensuring that these are addressed in full</i> 	<p>Initial Report section h</p> <p><i>(h) Describe how each cooperative approach ensures environmental integrity, including:</i></p> <ul style="list-style-type: none"> <i>i. That there is no net increase in global emissions within and between NDC implementation periods;</i> <i>ii. Through robust, transparent governance and the quality of mitigation outcomes, including through conservative reference levels, baselines set in a conservative way and below 'business as usual' emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage);</i> <i>iii. By minimizing the risk of non-permanence of mitigation across several NDC periods and how, when reversals of emission reductions or removals occur, the cooperative approach will ensure that these are addressed in full</i>

<p>Regular Information para 20 subsection c) through i)</p> <ul style="list-style-type: none"> c) <i>Provides for, as applicable, the measurement of mitigation co-benefits resulting from adaptation actions and/or economic diversification plans;</i> d) <i>Minimizes and, where possible, avoids negative, environmental, economic and social impacts;</i> e) <i>Reflects the eleventh preambular paragraph of the Paris Agreement, acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity;</i> f) <i>Is consistent with and contributes to the sustainable development objectives of the Party, noting national prerogatives;</i> g) <i>Applies any safeguards and limits</i> h) <i>Contributes resources for adaptation if applicable.</i> i) <i>Delivers overall mitigation in global emissions if applicable</i> 	<p>Initial Report section i</p> <ul style="list-style-type: none"> (i) <i>Describe how each cooperative approach will:</i> <ul style="list-style-type: none"> i. <i>Minimize and, where possible, avoid negative environmental, economic and social impacts;</i> ii. <i>Reflect the eleventh preambular paragraph of the Paris Agreement, acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity;</i> iii. <i>Be consistent with the sustainable development objectives of the Party, noting national prerogatives;</i> iv. <i>Apply any safeguards and limits set out in further guidance from the CMA pursuant to chapter III.D above (Safeguards and limits to the transfer and use of internationally transferred mitigation outcomes);</i> v. <i>Contribute resources for adaptation pursuant to chapter VII below (Ambition in mitigation and adaptation actions), if applicable;</i> vi. <i>Deliver overall mitigation in global emissions pursuant to chapter VII below (Ambition in mitigation and adaptation actions), if applicable</i>
<p>Regular Information para 21 subsection b)</p> <ul style="list-style-type: none"> b) <i>Updates to the information provided in its initial report and any previous biennial transparency reports for any information that is not included in the biennial transparency report</i> 	<p>Initial Report</p>
<p>Regular Information para 21 subsection c)</p> <ul style="list-style-type: none"> c) <i>Authorizations and information on its authorization(s) of use of ITMOs towards achievement of NDCs and authorization for use for other international mitigation purposes, including any changes to earlier authorizations,</i> 	<p>Initial Report section g and Annual information para 20</p>
<p>Regular Information para 21 subsection d)</p>	<p>Initial report section c</p>

<p>d) <i>How corresponding adjustments undertaken in the latest reporting period ensure that double counting is avoided and are representative of progress towards implementation and achievement of its NDC, and how those corresponding adjustments ensure that participation in cooperative approaches does not lead to a net increase in emissions across participating Parties within and between NDC implementation periods</i></p>	<p>c) <i>Communicate the ITMO metrics and the method for applying corresponding adjustments as per chapter III.B above for multi- or single-year NDCs that will be applied consistently throughout the period of NDC implementation and where the method is a multiyear emissions trajectory, trajectories or budget, describe the method;</i></p>
<p>Regular Information para 21 subsection e)</p> <p>e) <i>How it has ensured that ITMOs that have been used towards achievement of its NDC or mitigation outcome(s) authorized for use and that have been used for other international mitigation purposes will not be further transferred, further cancelled or otherwise used</i></p>	<p>Annual information</p>
<p>Regular Information para 23</p> <p><i>Each participating Party shall submit the following annual information (reported biennially) in a manner consistent with chapter III.B above (Application of corresponding adjustments) and any updates to information submitted for previous years in the NDC implementation period to the Article 6 database pursuant to chapter VI.B below (Article 6 database) and shall include it in the structured summary (required pursuant to paragraph 77(d) of the annex to decision 18/CMA.1 as part of the biennial transparency report):</i></p> <ul style="list-style-type: none"> a) <i>Annual anthropogenic emissions by sources and removals by sinks covered by its NDC or, where applicable, for the emission or sink categories as identified by the host Party pursuant to paragraph 10 above (as part of the information referred to in para. 77(d)(i) of the annex to decision 18/CMA.1);</i> b) <i>Annual anthropogenic emissions by sources and removals by sinks covered by its NDC or, where applicable, from the portion of its NDC in accordance with paragraph 10 above;</i> c) <i>Annual quantity of ITMOs first transferred;</i> d) <i>Annual quantity of mitigation outcomes authorized for use for other international mitigation purposes and entities authorized to use such mitigation outcomes, as appropriate;</i> e) <i>Annual quantity of ITMOs used towards achievement of its NDC;</i> f) <i>Net annual quantity of ITMOs resulting from paragraph 23(c–e) above;</i> g) <i>Total quantitative corresponding adjustments used to calculate the emissions balance and/or annual adjusted indicator referred to in paragraph 23(k) below,</i> 	<p>Annual Information (quantitative information-exported from Article 6 Database)</p>

in accordance with the Party's method for applying corresponding adjustments consistent with chapter III.B above (Application of corresponding adjustments);

- h) The cumulative information in respect of the annual information referred to in paragraph 23(f) above, as applicable; FCCC/PA/CMA/2021/10/Add.1 22*
- i) The annual level of the relevant non-GHG indicator that is being used by the Party to track progress towards the implementation and achievement of its NDC and was selected pursuant to paragraph 65 of the annex to decision 18/CMA.1;*
- j) For the information referred to in paragraph 23(c–e) above, the amounts per the cooperative approach, sector, transferring Party, using Party and vintage of the ITMO for each cooperative approach (in the annex referred to in para. 22 above);*
- k) For metrics in: (i) Tonnes of CO2 eq or non-GHGs, an annual emissions balance consistent with chapter III.B above (Application of corresponding adjustments) (as part of the information referred to in para. 77(d)(ii) of the annex to decision 18/CMA.1); (ii) Non-GHGs, for each non-GHG metric determined by participating Parties, annual adjustments resulting in an annual adjusted indicator, consistently with paragraph 9 in chapter III.B above (Application of corresponding adjustments) and future decisions of the CMA (as part of the information referred to in para. 77(d)(iii) of the annex to decision 18/CMA.1)*